



BENEFITS BULLETIN

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State Employees Health Plan Rate Increases in Line with National Trends

The Kansas State Employees Health Care Commission (HCC) will continue to sponsor seven Health Plan options for active employees in 2003. For Plan Year 2003, the state's plan is expected to have total costs of approximately \$283 million and will cover over 90,000 lives. Based on action by the HCC, employees of cities, counties and townships may join the Health Plan as early as January 1, 2003.

"Just like other employer-sponsored plans, the state's Health Plan is experiencing increased costs for 2003. The increases are generally in line with the national trends," states Secretary of Administration Joyce Glasscock, who chairs the HCC. These increasing costs are attributable to many factors including:

- Aging workforce
- Greater utilization of healthcare services
- New prescription drugs
- Advances in medical technology and treatment options
- Increasing physician and facility charges.

While Plan Year 2003 Health Plan cost increases range from approximately 15% to 20%, the HCC had to determine how to deal with the Plan Year 2002 cost increases which were not passed on to employees at the beginning of Plan Year 2002. State agencies have already realized a 28% increase in the amount contributed for plan coverage for employees for FY

2003. This percentage increase was on top of a 9% employer increase that was implemented for FY 2002.

Chair Glasscock said, "It was a difficult decision to determine how best to deal with the Plan Year 2002 plan cost increases that were absorbed by the state. The plan had financial reserves over the minimum required amounts to offset the Plan Year 2002 employee and retiree cost increases for this Plan Year. The plan can't absorb these costs any longer. It's especially important we fund the plan at the proper levels – both employer and employee/retiree contribution levels – to ensure the plan is able to meet its financial obligations and to be able to plan for the future."

For Plan Year 2003, the HCC approved employee cost increases for the full two-year amount and will bring the employer/employee cost share in alignment with percentage contributions developed several years ago. On average, this means the State will pay 95% of the cost of single coverage. In addition, the State contributes 35% of the cost for dependent coverage.

The HCC approved employee rates that reflect the full two-year amount of employee cost increases, which means actual employee increases will range from approximately 12% to 46%. The Employee Advisory Committee was especially helpful in guiding the

HCC through the decision making process by recommending that these increases be passed on to employees instead of adopting major plan design changes. Employees still continue to have choices regarding the plan options they select in order to help employees control the effect of plan cost increases to their personal budgets.

As a result of the decision to increase employee contributions there will be no major plan design changes in the state's Health Plan for 2003.

Health Risk Appraisal and Educational Tools

Several educational tools will be introduced to help participants become better consumers of health care related services. These tools include the use of a Health Risk Assessment (HRA) tool that will advise employees regarding their current health status. Employee's agreeing to complete the HRA will receive a financial credit towards the cost of their Health Plan coverage. This credit replaces the non-smoker discount.

In addition, three demand/disease management programs will be introduced in Plan Year 2003. The programs are designed to help people manage depression, reduce cardiovascular risk, and address patient safety medication related diagnosis. (See related story on page 3.)

Exciting Changes on the Horizon for the Voluntary Vision Plan

Starting in Plan Year 2003, the voluntary vision plan will be administered by Superior Vision Services. The Employee Advisory Committee (EAC) recommended offering a plan with access to a provider network that includes chain stores and discount providers as well as optometrists and ophthalmologists. The network is different from prior years, so check the website, <http://da.state.ks.us/ps/subject/benlink.htm> for additional information about providers near you.

The health plan will continue to offer both the Basic and Enhanced levels of coverage with one important change: lenses and frames will be available every year instead of every two years. Routine eye exams will continue to be covered by the medical plans first, with secondary benefits available for those who select the voluntary vision plan.

For employees currently enrolled in the voluntary vision plan, coverage will automatically transfer to Superior Vision Services. Employees must go into the AKSESS Open Enrollment website to change coverage level or to dis enroll in the plan.

Seven Health Plan Options Available to State Employees

The Health Plan will continue to offer seven quality health plans options that feature three distinct types of plan design options. The plan designs and administrators remain unchanged from last year.

HMOs: Coventry, Mid America Health, Preferred Plus of Kansas, Premier Blue

PPOs: Preferred Health Systems Insurance Company (PHSIC PPO), and Kansas Prefer – administered by Harrington Benefits with the PHCS network of providers.

Managed Indemnity: Kansas Choice – administered by BCBSKS with the Blue Choice, Kansas and Blue Card PPO networks

Committee Members Wanted

The Employee Advisory Committee (EAC) of the Kansas State Employees Health Care Commission is looking for new members. The Committee consists of 21 individuals, 18 of which are actively employed by the state of Kansas and 3 are covered by a state health plan through the direct billing system due to their prior employment with the State. Two of the three shall be retired and Medicare eligible. The terms are 3-year rolling positions are to insure continuity of Committee projects and administration. Seven new members are being sought for vacating positions.

Members are selected on the basis of geographic location, agency, gender, age, and plan participation in order to assure that a balanced membership representing a broad range of employee and direct bill members interests are represented.

The EAC meets at least quarterly; and the main purpose of this advisory committee is to study health plan related issues and make recommendations to the Commission. The process allows participant input into important health plan decisions by the HCC for the upcoming plan year(s).

To be considered for this committee, please write no later than November 1, 2002 to:

Division of Personnel Services

Attn: EAC, 900 SW Jackson, Room 951-S

Topeka, Kansas 66612-1251

Or e-mail: benefits@state.ks.us

Current Employee Advisory Committee Members:

Barbara Barto, Pittsburg State University, Pittsburg

Dr. Merle Bolton, Retiree, Topeka

Mark Bradbury, KDHE, Wichita

Janet Claas, KUMC, Kansas City

Gary Doll, Social and Rehabilitation Services, Hutchinson

Connie Hafenstine, Retiree, Topeka

Frederic Holmes, M.D., Retiree Shawnee

Mike Jacobs, KDOT, Iola

Marjorie Knoll, DHR, Hays

Dwane Kratochvil, KNI, Topeka

Douglas Musick, Kansas State University, Manhattan

Blythe Roberts, Corrections, Wichita

David Ross, Commerce & Housing, Topeka

Sandy Russell, Div. of the Budget, Topeka

Dr. Elizabeth Saadi, KDHE, Topeka–President

Carmen Sellens, Dept. on Aging, Topeka

Jerry Sloan, Judicial, Topeka

David Sohm, KDOTransportation, Hays

Harold Tillman, Kansas Highway Patrol, Topeka

Aneta Willson, DHR, Salina

Open Enrollment in AKSESS October 1 through October 31

Open Enrollment for health plans and flexible spending accounts will be held during the month of October for coverage beginning January 1, 2003. Beginning October 1, 2002, employees will once again complete the Benefits open enrollment process online through AKSESS (Automated Kansas State Employees Service System). The AKSESS help desk will be operational from October 1-31 at (785) 368-8000.

AKSESS passwords **WILL NOT** be mailed this year. Instead, eligible employees will be able to obtain their passwords directly from the Open Enrollment link on the AKSESS website. The AKSESS website is <http://da.state.ks.us/aksess/>.

Additional information concerning open enrollment is available at <http://da.state.ks.us/ps/benefits/> or in the agency Human Resources Office.

HealthQuest – New Program Offerings

Health Risk Appraisal Credit and Disease Management Programs

The HealthQuest program has been providing a variety of health promotion programs to employees since 1988 including LIFELINE, Winterfit, smoking cessation, stress management, self-care, National Employee Health and Fitness Day (NEHFD), and HealthCheck.

This year HealthQuest is adding several new programs. Employees are being offered an opportunity to voluntarily participate in an individual Health Risk Appraisal/Health Screening program. Three new Disease Management programs are also being offered.

Health Risk Appraisal/Health Screening Premium Credit

For Plan Year 2003 HealthQuest is offering an incentive to participate in the new health screening program that replaces HealthCheck. Participants will receive a \$5 per semi monthly (\$120 a year) premium credit starting January 1, 2003. This credit replaces the previous non-tobacco user discount and is displayed in the dental rate page in the Open Enrollment booklet. To participate in this program, employees must sign up on line during Open Enrollment in October 2002.

The program consists of a health screening (HS) and includes tests for cholesterol, glucose, and various biometrics measures. The on-line Health Risk Appraisal (HRA) component consists of a questionnaire assessing general health parameters and lifestyle behaviors. These two components give participants a snapshot of their health risks and possible areas for improvement. It represents a proactive approach to managing health care costs.

To ensure confidentiality, HS results will be mailed directly to participants. The participant will then enter the HS data into a secured web site and take the HRA. A software program will analyze these data and provide the participant with a confidential, individualized report of the results and educational information about making healthy lifestyle changes to reduce their health risks. The

cost for individual screenings and assessments will be borne by the State of Kansas HealthQuest program.

Disease Management Programs

In order to improve employee health and reduce health care costs, HealthQuest is partnering with AdvancePCS to offer three new disease management programs. Each program offers customized education materials to employees who voluntarily participate.

- **Cardiovascular Risk Reduction**

According to the Centers for Disease Control, over 60 million Americans have some form of cardiovascular disease (CVD). CVD is the nation's number one killer for men and women among all racial and ethnic groups. The goal of this program is to improve lifestyle behaviors and encourage appropriate use of lipid-lowering medications to reach recommended levels.

- **Patient Medication Safety**

Medication safety has always been a concern, but that concern is rising due to the increasing number of prescription, over-the-counter, and herbal medications that patients have available to them. Participants will receive educational materials about medication safety and improved communications with their health care team.

- **Depression Program**

Depression is a serious and common illness that can be effectively treated. According to the National Institute of Mental Health, almost 19 million Americans suffer from a depression disorder each year. Depression can affect anyone. The risk is often greatest in people with chronic medical conditions.

Advance PCS gears these interventions toward physicians and patients. They reinforce national standards of physician practice, improve preventive care, increase communication between the patient and health care team and foster patient self-management skills.

These disease management programs are voluntary, provided at no additional premium cost to plan participants, and do not require the employee to make elections during open enrollment. More details are available through HealthQuest and the Benefits web site at: <http://da.state.ks.us/ps/benefits.htm>.

Prescription Drug Plan seeing positive trends

The minor adjustments made to the prescription drug plan last year appear to have placed the plan on solid footing for the future. Generic utilization by group members has increased and while costs are increasing, they are not rising as rapidly as they have in the past few years. Our group membership is getting older, and as we age, people tend to use more medications. This is a national as well as a group trend. However, while most group health insurance plans are experiencing cost trend increase ranging from 17 – 24%, the state's plan increase was less than 15%.

Only minor adjustments were made to the benefit design. The fixed dollar items that are indexed to account for inflation Rx will be adjusted upward for next year. The Special Case Medication copay will increase from \$60 to \$70 per 30-day supply and the Coinsurance Maximum on Generic, Preferred (formulary) Brand, and Special Case Medications will increase from \$2,100 to \$2,400 per person per year.

The Group Health Benefit's Plan will partner with AdvancePCS to offer an innovative option for plan members utilizing high cost medications that require special handling and coordination for proper dosing and administration. "SpecialtyRx" will offer a mail-order source for home delivery and a 24-hour hotline for assistance with questions and concerns regarding the care regimen for these patients.

The Health Care Commission voted to take full advantage of higher mail-order discount pricing for the Prescription Drug Plan for next year. More information will be provided through the KansaGram Newsletter and Benefits Website as Plan Year 2003 approaches.

Reminder About Your Benefits....

Health Plan

Open Enrollment coverage elections for group health insurance for Plan Year 2003 become effective on January 1, 2003. Medical and dental appointments should be made with the understanding that any new 2003 coverage elections will be in effect at that time.

Members who simply want to change their Primary Care provider, but not their HMO plan, can do so by calling the plan directly. Information on each of the group health plans is included in the 2003 Open Enrollment booklet and is available on the Benefits web page at:
<http://da.state.ks.us/ps/benefits.htm>

Flexible Spending Accounts (FSA)

Open enrollment elections for flexible spending accounts for Plan Year 2003 will become effective on January 1, 2003. Reimbursable expenses are only those incurred during calendar year 2002. ASI will continue to process claims for health care and dependent care reimbursements daily.

Paycheck Deductions and ID Cards

Deductions for both the Health Plan and FSAs will be semi-monthly beginning with the January 3, 2003 paycheck. Members enrolled in Superior Vision and those members who have changed plans or added or dropped dependents should receive new ID cards in late December 2002.

Enroll in a Flexible Spending Account to shelter your hard-earned pay!

Flexible Spending Account (FSA) enrollment reached an all time high during Plan Year 2002. KanElect is the State of Kansas Cafeteria Benefits Plan. It allows employee health benefit premiums, unreimbursed health care expenses and dependent day care expenses to be paid with pretax dollars. An employee can save 25-40% in taxes on that portion of their salary that is used for these qualifying expenses.

The KanElect program offers three benefit options:

- **Pretax Premium Option** – An Internal Revenue Code (IRS) Section 125 plan that allows employees to pay for the cost of group health insurance coverage with pretax dollars. This will reduce the amount of income tax required to be paid by the employee.

- **Health Care FSA** – allows an enrolled employee to use pretax earnings to pay for incurred medical expenses allowed by the IRS but not reimbursed by medical, dental, vision or prescription drug insurance. Long Term Care insurance premiums and other insurance premiums are not reimbursable under Flexible Spending accounts.

- **Dependent Care FSA** – allows an enrolled employee to be reimbursed with pretax earnings for work-related dependent day-care expenses.

Health care and dependent care claims are reimbursed daily. Direct deposit of reimbursements to the employee's bank and e-mail notification of claims paid is available and encouraged for quicker deposit and availability of reimbursed funds. If you are interested in this service, please see your agency Human Resource Manager or contact ASI.

When enrolling, you will need to elect to participate in either the Health Care FSA and/or the Dependent Care FSA in 2003, even if you are currently enrolled in an FSA for 2002. Participation will end on December 31, 2002 unless you make a new election to participate for 2003.

For PY 2003, the maximum annual election for a Health Care FSA will be \$3,168.00. Open Enrollment elections for 2003 FSAs will become effective on January 1, 2003. Reimbursable expenses will be paid only for those expenses incurred during PY 2003.

State of Kansas Employees Health Care Commission

Benefits Administration Office

Room 951-S, Landon State Office Building, Topeka, KS 66612-1251

Secretary of Administration: Joyce Glasscock

Acting Health Benefits Administrator: Terry Bernatis

Phone: (785) 296-6280 Fax: (785) 368-7180

E-mail: benefits@state.ks.us